

# PERFORMANCE HIGHLIGHTS

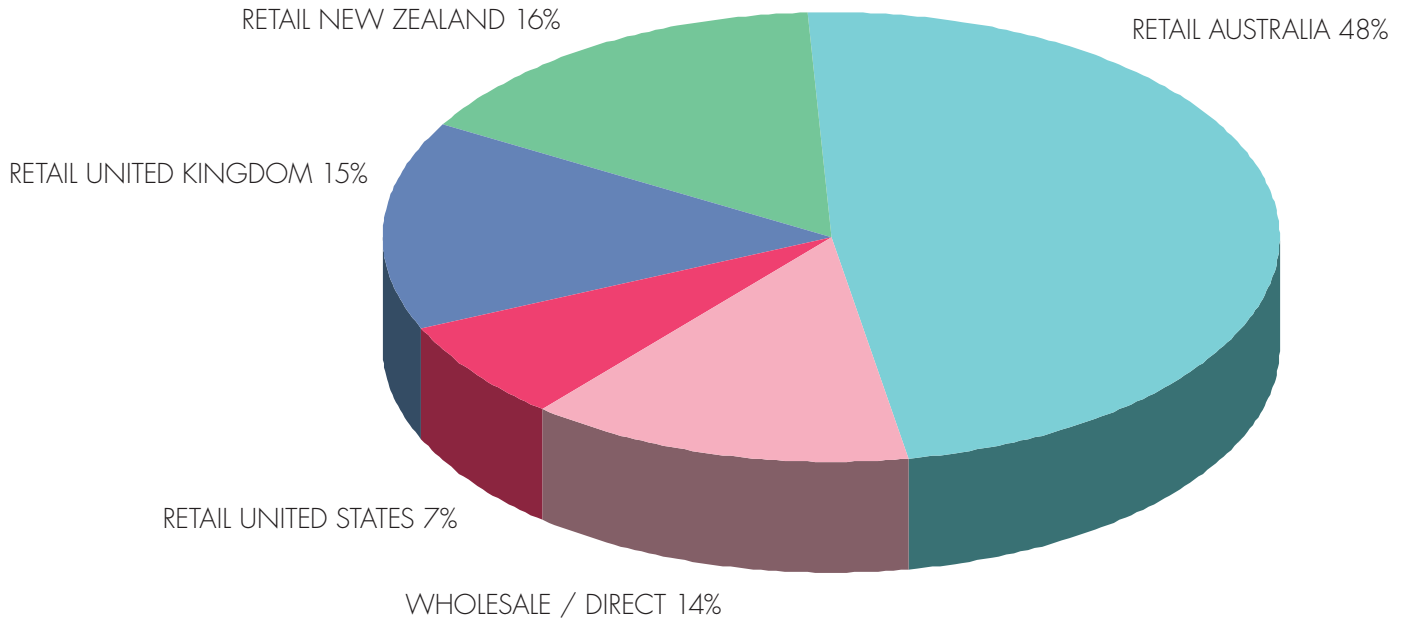
- Operating revenue \$410.4m up 12.3%
- Continued strong sales and EBIT performance in Australia (sales up 11.4%, EBIT up 16.1%)
- Strong performance in New Zealand despite a difficult general retail environment
- Continued investment in the United States. 16 stores opened with capital expenditure of \$14.1m
- Group result was significantly impacted by:
  - Higher interest charges
  - Higher quota costs, and
  - A very difficult United States retail environment
- Before quota EBITDA was \$59.0m down 0.9%, EBIT was \$42.1m down 6.4%, and NPAT was \$23.7m down 14.5%
- After quota EBITDA was \$52.3m down 5.4%, EBIT was \$35.4m down 13.1%, and NPAT was \$17.1m down 27.5%
- Total store numbers at July were 228 (Australia 107, New Zealand 52, United Kingdom 35, United States 34)
- Final dividend of 3.50 cents per share, fully imputed, taking total dividend for the year to 7.50 cents per share (2007: 9.00cps)

# FINANCIAL HIGHLIGHTS

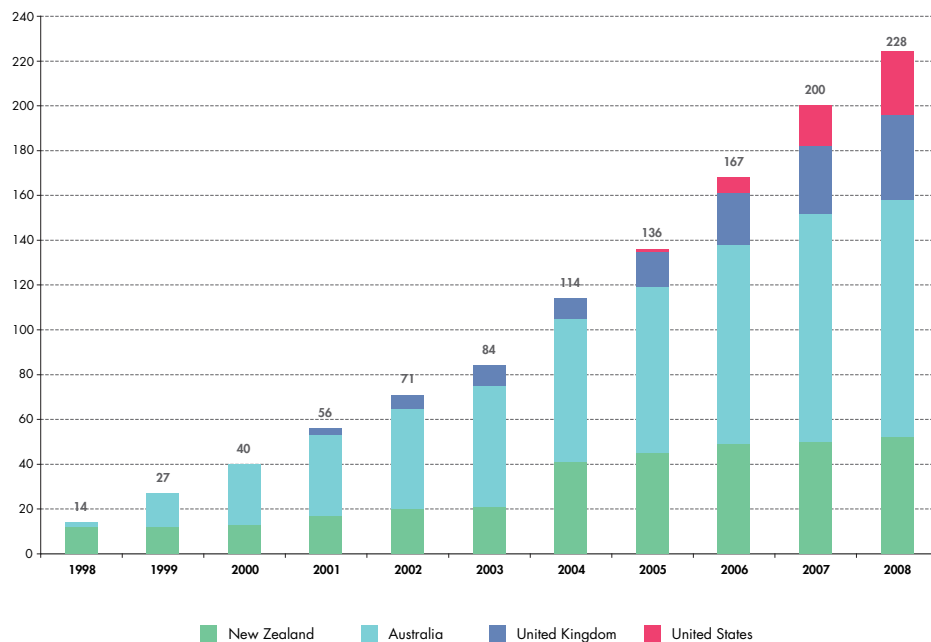
YEAR ENDED 31 JULY

	2008 NZ \$000	2007 NZ \$000	change
<b>TRADING RESULTS</b>			
Group operating revenue	410,410	365,477	+12.3%
Earnings before interest, tax, depreciation, and amortisation	52,322	55,311	-5.4%
Earnings before interest and tax	35,390	40,709	-13.1%
<b>FINANCIAL POSITION AT YEAR END</b>			
Total equity	96,730	95,544	
Total assets	252,947	204,654	
Capital expenditure	35,590	35,761	
<b>NUMBER OF STORES</b>			
Australia	107	102	
New Zealand	52	50	
United Kingdom	35	30	
United States	34	18	
<b>TOTAL</b>	<b>228</b>	<b>200</b>	

# SALES COMPOSITION



# STORE NUMBERS



# CHAIRMAN'S LETTER



GREG MUIR

## DEAR SHAREHOLDERS

This report has been prepared at a time of unprecedented turmoil in global financial markets and consequently considerable uncertainty as to consumer demand during the next 12 months. Your Board and Executive Team are paying very close attention to the changing circumstances we face and doing our best to adjust our cost and working capital base accordingly.

During the last half of the past year we faced very challenging retail conditions in most markets and our financial results were impacted as a consequence, however we continue to make considerable progress in developing the Pumpkin Patch brand in 16 markets around the world.

The market leading position of Pumpkin Patch in Australia and New Zealand was reflected in the performances in our 'home' markets. Australia, which accounts for around 50% of our turnover, continued to generate strong sales and earnings growth even when faced with tougher retail conditions later in the year. Although sales and earnings growth from New Zealand were lower than seen in recent years this was a very credible result in light of the soft retail conditions that prevailed throughout the year.

During 2008 we faced very challenging conditions in the United States and United Kingdom. Many well established retailers in those markets reported significantly lower results. Although the financial performances in those markets were lower than what we would like them to be we are increasing the brand awareness and customer following at store level and remain confident there is a place for the Pumpkin Patch brand in those markets.

This was borne out in the results of a market research project that involved approximately 35,000 customers across all of our retail markets. We found that overall our customers rated us higher than our competitors, even in the United States and United Kingdom where we face competition from some well established household name retailers. Achieving this level of customer satisfaction after such a short period of time in those markets is extremely pleasing.

We continued to grow our Wholesale operations around the world. A highlight for the year was the opening of Pumpkin Patch franchised stores in Russia. The slower global economy is expected to impact the Wholesale Division in 2009 as our customers deal with tougher retail conditions in their home markets. Research continues into a number of markets in Asia and Europe.

The Annual Shareholders Meeting is to be held in Auckland at the Eilerslie Convention Centre on Tuesday 18 November 2008 at 1pm. Full details of the meeting are in the Notice of Meeting that has been sent to shareholders. We encourage you to attend the meeting as it is a great opportunity to hear about the progress we are making in many markets around the world and get an overview of where the Company is heading in the coming year.

As recently announced I will soon be standing down from my executive management role with the Company but will remain Chairman of the Board of Directors. I have enjoyed working with the Wholesale Team to develop the brand in a number of markets around the world. The Wholesale Division is an important part of the Pumpkin Patch global strategy and is well placed to continue its development into the future. I look forward to continuing to work with my fellow Directors and the Executive Team in taking Pumpkin Patch to the world.

On behalf of the shareholders and the Board of Directors I would like to thank Maurice and his team for the hard work they put in on a day by day basis. Although they face difficult trading environments the very strong team we have is prepared for the challenges that lie ahead and remain dedicated to making Pumpkin Patch a global success story.

A handwritten signature in black ink, appearing to read 'G. Muir', written in a cursive style.

Chairman  
**Greg Muir**